

25 percent, but not more than 50 percent, of the total combined voting power of all classes of stock entitled to vote is owned within the meaning of section 958(a), or is considered as owned by applying the rules of ownership of section 958(b), by United States shareholders on any day of the taxable year of such foreign corporation, but only if the gross amount of premiums received by such foreign corporation during such taxable year which are attributable to the reinsuring and the issuing of insurance and annuity contracts in connection with United States risks, as defined in § 1.953-2 or 1.953-3, exceeds 75 percent of the gross amount of all premiums received by such foreign corporation during such year which are attributable to the reinsuring and the issuing of insurance and annuity contracts in connection with all risks. The subpart F income for a taxable year of a foreign corporation which is a controlled foreign corporation for such taxable year within the meaning of this paragraph shall, subject to the provisions of section 952(b), (c), and (d), and § 1.952-1, include only the income derived from the insurance of United States risks, as determined under § 1.953-1.

(b) *Gross amount of premiums defined.* For a foreign corporation which is engaged in the business of reinsuring or issuing insurance or annuity contracts and which, if it were a domestic corporation engaged only in such business, would be taxable as—

(1) A life insurance company to which part I (sections 801 through 820) of subchapter L of the Code applies,

(2) A mutual insurance company to which part II (sections 821 through 826) of subchapter L of the Code applies, or

(3) A mutual marine insurance or other insurance company to which part III (sections 831 and 832) of subchapter L of the Code applies,

the term “gross amount of premiums” means, for purposes of paragraph (a) of this section, the gross amount of premiums and other consideration which are taken into account by a life insurance company under section 809(c)(1). Determinations for purposes of this paragraph shall be made without regard to section 501(a).

[T.D. 6795, 30 FR 942, Jan. 29, 1965]

§ 1.957-3 United States person defined.

[Reserved]. For further guidance, see § 1.957-3T.

[T.D. 9194, 70 FR 18945, Apr. 11, 2005]

§ 1.957-3T United States person defined (temporary).

(a) *Basic rule—(1) In general.* The term *United States person* has the same meaning for purposes of sections 951 through 965 which it has under section 7701(a)(30) and the regulations thereunder, except as provided in paragraphs (b) and (c) of this section which provide, with respect to corporations organized in possessions of the United States, that certain residents of such possessions are not United States persons. The effect of determining that an individual is not a United States person for such purposes is to exclude such individual in determining whether a foreign corporation created or organized in, or under the laws of, a possession of the United States is a controlled foreign corporation. See § 1.957-1 for the definition of the term *controlled foreign corporation*.

(2) *Special provisions applicable to possessions of the United States.* For purposes of this section—

(i) The term *possession of the United States* means the Commonwealth of Puerto Rico (Puerto Rico) or any section 931 possession.

(ii) The term *section 931 possession* has the same meaning which it has under § 1.931-1T(c)(1).

(iii) The rules of § 1.937-1T shall apply for determining whether an individual is a bona fide resident of a possession of the United States.

(iv) The rules of § 1.937-2T shall apply for determining whether income is from sources within a possession of the United States.

(v) The rules of § 1.937-3T shall apply for determining whether income is effectively connected with the conduct of a trade or business in a possession of the United States.

(b) *Puerto Rico corporation and resident.* An individual (who, without regard to this paragraph (b), is a United States person) shall not be considered a United States person with respect to a foreign corporation created or organized in, or under the laws of, Puerto